



DIVISION OF  
CORPORATION FINANCE

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549-0402



02037075

NO ACT  
P.E 3-28-02  
1-10176

April 10, 2002

**PROCESSED**

**MAY 30 2002**

**THOMSON  
FINANCIAL**

Act 1934  
Section 14A-8  
Rule 4/10/2002  
Public Availability 4/10/2002

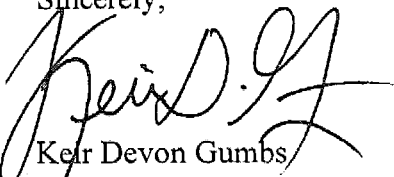
William J. Quinlan, Jr.  
McDermott, Will & Emery  
227 West Monroe Street  
Chicago, IL 60606-5096

Re: MFN Financial Corp.

Dear Mr. Quinlan:

This is in regard to your letter dated March 28, 2002 concerning the shareholder proposal submitted by Kendall Johnson for inclusion in MFN Financial's proxy materials for its upcoming annual meeting of security holders. Your letter indicates that the company was acquired in a merger approved by MFN Financial's shareholders on January 22, 2002 and that the company therefore withdraws its December 28, 2001 request for a no-action letter from the Division. Because the matter is now moot, we will have no further comment.

Sincerely,

  
Keri Devon Gumbs  
Special Counsel

cc: Kendall J. Johnson  
2903 N. Moor Sr.  
Rockford, IL 61109

CRG

A Partnership Including  
Professional Corporations  
227 West Monroe Street  
Chicago, IL 60606-5096  
312-372-2000  
Facsimile 312-984-3669  
www.mwe.com

William J. Quinlan Jr.  
Attorney at Law  
bquinlan@mwe.com  
312-984-7568

Boston  
Chicago  
London  
Los Angeles  
Miami  
Moscow  
New York  
Orange County  
Silicon Valley  
Vilnius  
Washington, D.C.

**MCDERMOTT, WILL & EMERY**

March 28, 2002

**BY FACSIMILE AND MAIL**

Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, DC 20549

Attention: Keir D. Gumbs

Re: MFN Financial Corp.  
No-Action Letter Request

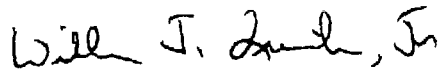
Ladies and Gentlemen:

Previously, MFN Financial Corp. (the "Company") sent you a no-action letter request in connection with an annual meeting shareholder proposal. This letter advises you that on March 8, 2002, the Company was acquired in a merger approved by its stockholders at a Special Meeting held on January 22, 2002. The annual meeting shareholder proposal and the Company's no-action letter request are therefore moot and we hereby request that the Company's no-action letter request be withdrawn.

By copy of this letter, we are so advising the proponent of the shareholder proposal.

If you have any questions, please feel free to contact the undersigned.

Very truly yours,



William J. Quinlan, Jr.

WJQ:bjs

cc: Kendall Johnson  
Mark Dapier

MFN

# FINANCIAL CORPORATION

## RECEIVED

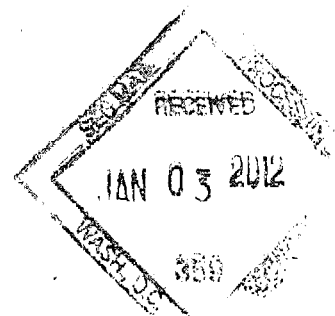
JAN 08 2002

SECURITIES & EXCHANGE COMMISSION  
OFFICE OF INVESTOR  
EDUCATION & ASSISTANCE

MARK E. DAPIER  
EXECUTIVE VICE PRESIDENT,  
CHIEF ADMINISTRATIVE OFFICER,  
GENERAL COUNSEL AND SECRETARY

December 28, 2001

Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, D.C. 20549



Re: MFN Financial Corporation (the "Company")

Ladies and Gentlemen:

On November 26, 2001, the Company received a proxy proposal from Kendall J. Johnson, a copy of which is attached hereto. On December 3, 2001, the Company sent a response to Mr. Johnson stating that Mr. Johnson's proposal did not meet the eligibility and procedural requirements of Rule 14a-8 of the Rules and Regulations of the Securities Exchange Act of 1934, as amended, a copy of which is attached hereto. The Company received a response from Mr. Johnson on December 14, 2001, a copy of which is also attached hereto. Pursuant to Rule 14a-8, the Company is hereby seeking to exclude the proposal from proxy statement for the next regularly scheduled annual meeting since Mr. Johnson's response did not include a written statement from the "record" holder of his common stock, verifying that, at the time the letter was sent, he continuously held at least \$2,000 in market value, or 1% of the Company's outstanding common stock for at least one year. The statement from NatCity Investments, Inc. only states that Mr. Johnson held 381 shares at the end of December 2000. The power of attorney from Marvin Franzen attached to Mr. Johnson's response appears to only give Mr. Johnson power to sell Mr. Franzen's stock pursuant to a routine trading account. It does not appear that Mr. Johnson has the authority to vote those shares. Similarly, the other letters attached to Mr. Johnson's response do not indicate that Mr. Johnson has the power and authority to dispose of and to vote the shares referenced therein.

In addition, Mr. Johnson's proxy proposal does not satisfy the substantive requirement of Rule 14a-8(i) for the following reasons:

1. Personal Grievance; Special Interest. Mr. Johnson's proxy proposal requests that the Company extend the expiration date of the Company's Series A Warrants by one year, to March 23, 2003. Mr. Johnson is a warrant holder. This is designed to benefit the Series A warrant holders of the Company, not the Company's stockholders. In fact, extending the expiration date of the Series A warrants potentially dilutes other stockholders.

December 28, 2001

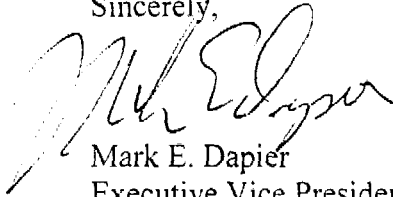
Page 2

2. Absence of Power/Authority. The Warrant Agreement governing the Series A warrants, the expiration date of which Mr. Johnson's would like extended, may only be amended by the approval of a majority of the outstanding warrants of each series of warrants (A, B and C), voting separately as three classes.

3. Management Functions. Mr. Johnson's proxy proposal deals with matters related to the Company's ordinary business operations and relationship with its warrant holders.

As such, please confirm that the Company is not required to include Mr. Johnson's proposal in the Company's definitive proxy statement in connection with its next regularly scheduled meeting. If you have any questions, please contact me at (847) 295-8600 x 109.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark E. Dapier", written over a horizontal line.

Mark E. Dapier  
Executive Vice President and  
General Counsel

Enclosures

cc: Kendall J. Johnson

---

*FINANCIAL CORPORATION*

MARK E. DAPIER  
EXECUTIVE VICE PRESIDENT,  
CHIEF ADMINISTRATIVE OFFICER,  
GENERAL COUNSEL AND SECRETARY

December 3, 2001

VIA FACSIMILE AND MAIL (815-397-1049)

Mr. Kendall J. Johnson  
2903 N. Moor Drive  
Rockford, IL 61109

Re: Letter Dated November 26, 2001

Dear Mr. Johnson:

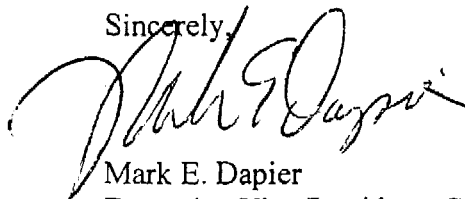
MFN Financial Corporation (the "Company") is in receipt of your letter dated November 26, 2001, regarding your "proxy proposal". While the Company does not believe your proposal is substantively proper for inclusion in a proxy statement, the Company is obliged pursuant of Rule 14a-8 of the Rules and Regulations of the Securities Exchange Act of 1934, as amended, to indicate to you certain procedural and eligibility deficiencies. Specifically, your letter does not contain the following:

- (1) A written statement indicating the number of shares of Company common stock you hold; and
- (2) A written statement from the "record" holder of your Company common stock, verifying that at the time your letter was sent, you continuously held at least \$2,000 in market value, or 1% of the company's outstanding common stock for at least one year; and
- (3) A written statement that you intend to continue to hold the securities through the date of the meeting of stockholders.

Please also confirm if you are requesting that the proposal contained in your letter be submitted to the stockholders of the Company at the next regularly scheduled annual meeting of stockholders.

Pursuant to Rule 14a-8, your response to this letter must be postmarked, or transmitted electronically, within 14 days from the date you receive this letter.

Sincerely,



Mark E. Dapier  
Executive Vice President, General Counsel  
and Secretary

MED/jr

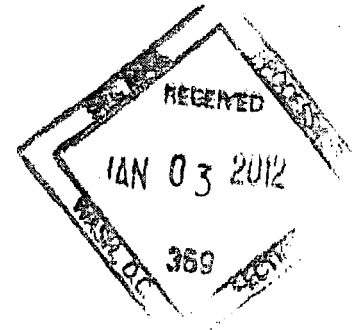
NOV 30 2001

MFN Financial Corporation  
100 Field Drive  
Lake Forest, IL 60045  
Attention: Mr. Mark Dapier  
Secretary and General Counsel

Nov. 26, 2001

Fax # 847-225-8785

From: Kendall J. Johnson- Shareholder  
2903 N. Moor Dr.  
Rockford, IL 61109  
Home # 815-399-2355  
Fax # 815-397-1049



Dear Mr. Dapier,

As per my telephone call today, I have the following Proxy Proposal.

That MFN Financial Corporation, should extend the expiration date, of MFN "A" Warrants, by one year, to March 23, 2003.

The reasoning for said proxy is as follows: The "A" Warrants have only traded on a over-the-counter basis, and not on a major stock exchange. Since the stock of MFN and the "A" Warrants have not traded on a major exchange, the true market value or worth of either has not been revealed. The agreement with the shareholders, the lenders, and the company in Bankruptcy Court, did not state, that the company stock and warrants, would never trade in an open manner, on a major exchange.

Extending the "A" Warrants would not be dilutive, to the company shareholders, since the exercise price of \$15.34 would be higher than the November 23, 2001, closing price of \$9.43, or the company book value of \$13.92 as per the September 30, 2001- 3<sup>rd</sup> Quarter Report filed with the SEC.

This is respectfully submitted by, Kendall J Johnson, Shareholder.

Kendall J. Johnson  
11/26/2001

DATE 11/26/2001

NUMBER 847 295-8785

TO MR. MARK DAPIER - SEC

FROM KENDALL JOHNSON

COVER PLUS 1 PAGES

TO:  
MR MARK DAPIER - GENERAL COUNSEL  
SECRETARY

12/14/01

MFN FINANCIAL

100 FIELD DR, STE 340

LAKE FOREST, IL 60045

Phone (847) 295-8785 FAX

BUS# 847 295-8600

RE: YOUR LETTER DEC. 3, 2001

FROM: KENDALL JOHNSON

2903 N. MOOR DR

ROCKFORD, IL 61109

Home (815) 399-2355

FAX (815) 397-~~1049~~ 1049

FAX (815) 397-1049

DEAR MR. DAPIER,

FIND ENCLOSED 3 WRITTEN STATEMENTS  
OF STOCK HELD IN THE COMPANY.

FIND ENCLOSED 3 STATEMENTS  
OF INTENT TO HOLD SAID STOCK THRU  
DATE, OF MEETING, OF STOCKHOLDERS.

FIND ENCLOSED COPY OF POWER OF  
ATTORNEY FOR KENDALL J. JOHNSON FOR MARVIN  
G. FRANZEN STOCK ACCOUNT

FIND ENCLOSED 3 RECORD HOLDER  
LETTERS.

ALSO CONFIRMATIONS OF PROPOSAL  
SUBMISSION AT NEXT REGULAR ANNUAL MEETING



Marvin G. Franzen  
2026 Sandy Hollow Rd.  
Rockford, IL 61109

Dec. 9, 2001

TO WHOM: IT MAY CONCERN:

I, Marvin G. Franzen, do hereby request and authorize that Kendall J. Johnson, be allowed access to any information, regarding my NAT CITY INVESTMENT Account, in regards to any stock, or warrants, of MFN Financial Corporation. Symbols of said stock is MFNF, and the Warrant symbols are MFNPL, MFNTW, and MFNTZ.

The account number of said account is hereby attached.

I also, authorize NAT CITY INVESTMENTS, to write any letters of proof, of said investments in MFN Financial, that Mr. Johnson would require to satisfy proxy verifications, or other necessary matters, that would lend support, either by number of shares, duration of ownership, or continuation of ownership, that are required by Mr. Johnson. Mr. Johnson is to be given all assistance that he requires, in these matters concerning MFN Financial. I am, of like mind, with Mr. Kendall Johnson, and lend our support to any endeavor, that would extend the "A" Warrants, for a term of one more year, or that would get this Stock listed on a major Stock Exchange, like the NASDAQ.

Mr. Johnson's address is as follows: Kendall J. Johnson  
2903 N. Moor Dr  
Rockford, IL 61109

My home phone is 815-399-0103. I need Mr. Johnson to help, in these important matters. I have held 1,200 shares of MFNF, for over one year, now. The value of which, has always been over \$2,000.00 in the last two years, and I plan on continuing to hold these stocks and warrants, until the next regular scheduled annual meeting of the stockholders.

PROXY PROPOSAL IS FOR SUBMISSION TO SHAREHOLDERS  
AT NEXT REGULARLY SCHEDULED ANNUAL MEETING OF SHARE-  
HOLDERS. MZ.

Sincerely,

*Marvin G. Franzen*

Marvin G. Franzen



PRIVATE INVESTMENT ADVISORS

December 11, 2001

Marvin G. Franzen  
(Fax #815/397-1049)  
2026 Sandy Hollow Rd.  
Rockford, IL 61109

Re: NatCity Brokerage Account, #ZK08 3348-2998

Dear Marvin:

Please accept the following, as per your request for verification as to whether you continuously held at least \$2,000.00 in market value of MFN Financial Corp. (MFNF) from 11/26/2000 through 11/26/2001.

As of 7/31/2000 through the present date of 12/11/2001, NatCity currently shows that you hold 1,200 shares of MFNF.

Therefore, based upon a held position of 1,200 shares and Pricing History Reports, you did continuously hold for the one year time period stated, 11/26/2000 - 11/26/2001, at least \$2,000.00 in market value.

Please feel free to contact me if you have any further questions or concerns.

Sincerely,

Julie L. Borg  
Registered Sales Assistant  
NatCity Investments

NatCity Investments, Inc. | 325 North Milwaukee Avenue, Libertyville, Illinois 60048  
TEL 1.800.955.3621 | FAX 847.918.4425

NatCity Investments, Inc. is a full-service brokerage firm and is a member of NASD and SIPC.  
Sterling and Private Client Group are divisions of National City Bank.

NatCity Investments, Inc. (NatCity) is not a bank. Investments obtained through NatCity are not deposits or other obligations of or guaranteed by NatCity or any bank, are not FDIC insured, and involve investment risks, including the possible loss of the principal amount invested.



## PRIVATE INVESTMENT ADVISORS

December 11, 2001

William L. Lorentzen & Karen R. Lorentzen  
(Fax #815/397-1049)  
c/o TK Group, Inc.  
Stewart Square  
308 W. State St. Suite 250  
Rockford, IL 61101

Re: NatCity Brokerage Account, #ZK18 5163-9741

Dear Mr. &amp; Mrs. Lorentzen:

Please accept the following, as per your request for verification as to whether you continuously held at least \$2,000.00 in market value of MFN Financial Corp. (MFNF) from 11/26/2000 through 11/26/2001.

As of 3/21/2000 through the present date of 12/11/2001, NatCity currently shows that you hold 700 shares of MFNF.

Therefore, based upon a held position of 700 shares and Pricing History Reports, you did continuously hold for the one year time period stated, 11/26/2000 - 11/26/2001, at least \$2,000.00 in market value.

Please feel free to contact me if you have any further questions or concerns.

Sincerely,

Julie L. Borg  
Registered Sales Assistant  
NatCity Investments

NatCity Investments, Inc. | 325 North Milwaukee Avenue, Libertyville, Illinois 60088  
TEL 800.955.5621 | FAX 847.913.4425

NatCity Investments, Inc. is a full-service brokerage firm and is a member of NASD and SIPC.  
Sterling and Private Client Group are divisions of National City Bank.

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Dec. 9, 2001

FROM

KENDALL J. JOHNSON  
2903 N. MOOR DR.  
ROCKFORD, IL 61109

TO WHOM IT MAY CONCERN:

I, KENDALL J. JOHNSON HAVE HELD  
381 SHARES OF MFNF, FOR 2½ YEARS, PLUS.  
ALSO, I HAVE POWER OF ATTORNEY OF  
1200 SHARES, FOR MARVIN G. FRANZEN  
IN MFNF. SEE ATTACHED.

AND I, PLAN TO HOLD ALL THESE  
SECURITIZES, THROUGH DATE OF THE STOCKHOLDER  
MEETING.

ALSO, THE PROXY PROPOSAL TO  
EXTEND THE EXPIRATION OF THE "A" WARRANTS  
ONE FULL YEAR, IS TO BE SUBMITTED TO  
THE STOCKHOLDERS OF THE COMPANY AT THE  
NEXT REGULARLY SCHEDULED ANNUAL MEETING  
OF STOCKHOLDERS.

THANK YOU,  
Kendall J. Johnson

(6)

**POWER OF ATTORNEY  
FULL TRADING AUTHORIZATION WITH PRIVILEGE TO  
WITHDRAW MONEY AND/OR SECURITIES**

Gentlemen:

The undersigned hereby authorizes Kendall J. Johnson (whose pertinent information and signature appears below) as his agent and attorney in fact to buy, sell (including short sales) and trade in stocks, bonds and any other securities and/or commodities and/or options (including uncovered options) relating to the same on margin or otherwise in accordance with your terms and conditions for the undersigned's account and risk and in the undersigned's name, or number on your books. The undersigned hereby agrees to indemnify and hold you harmless from and to pay you promptly on demand any and all losses arising therefrom or debit balance due thereon.

You are authorized to follow the instructions of Kendall J. Johnson in every respect concerning the undersigned's account with you, and make deliveries of securities and payment of moneys to him or as he may order and direct. In all matters and things aforementioned, as well as in all other things necessary or incidental to the furtherance or conduct of the account of the undersigned, the aforesaid agent and attorney in fact is authorized to act for the undersigned and in the undersigned's behalf in the same manner and with the same force and effect as the undersigned might or could do.

The undersigned hereby ratifies and confirms any and all transactions with you theretofore or hereafter made by the aforesaid agent or for the undersigned's account.

This authorization and indemnity is in addition to (and in no way limits or restricts) any rights which you may have under any other agreement or agreements between the undersigned and your firm.

This authorization and indemnity is also a continuing one and shall remain in full force and effect until revoked by the undersigned by a written notice addressed to you and delivered to your office at NatCity Investments but such revocation shall not affect any liability in any way resulting from transactions initiated prior to such revocation. This authorization and indemnity shall inure to the benefit of your present firm and of any successor firm or firms irrespective of any change or changes at any time in the personnel thereof for any cause whatsoever, and of the assigns of your present firm or any successor firm.

This Power of Attorney shall not terminate in the event of my disability or incapacity.

Yours very truly,

Martin Frazier 4-4-01  
Client's Signature Date

ZK08 3348-2998

Client's Account Number

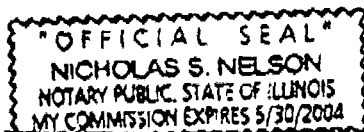
Rockford, IL

City & State

62

Client's Age

Witness:



State of ILLINOIS

County of WINNEBAGO

ss.:

On this 4 day of April, 2001, before me personally appeared (Client), to me known and known to me to be the individual described in and who executed the foregoing instrument, and duly acknowledged to me that 5/30/04 executed the same.

(Commission expires)

White Copy - Main Office

Green Copy - Branch Office

Blue Copy - Client

542616 (02/98) 0082

Kendall Johnson 4-4-01  
Signature of Person Granted Authority Date

Friend / Co-Worker

Relationship to Client

Self - Kendall Johnson Realtors

Employer of Person Granted Authority

Owner

Position with Employer

Approval of Officer

Nicholas S. Nelson  
(Notary sign here)



PRIVATE INVESTMENT ADVISORS

December 11, 2001

Kendall J. Johnson  
(Fax #815/397-1049)  
2903 N. Moor Dr.  
Rockford, IL 61109

Re: NatCity Brokerage Account, #ZK08 4619-3894

Dear Kendall:

Please accept the following, as per your request for verification as to whether you continuously held at least \$2,000.00 in market value of MFN Financial Corp. (MFNF) from 11/26/2000 through 11/26/2001.

As per your December 2000 year end statement (copy enclosed), which shows you held 381 shares of MFNF at a price of \$4.50 per share, your MFNF December 2000 year end balance was \$1,714.00.

Therefore, for the one year time period stated, 11/26/2000 - 11/26/2001, you did not continuously hold at least \$2,000.00 in market value.

Please feel free to contact me if you have any further questions or concerns.

Sincerely,

Julie L. Borg  
Registered Sales Assistant  
NatCity Investments

NatCity Investments, Inc. 1 325 North Milwaukee Avenue, Libertyville, Illinois 60048  
TEL: 1.800.955.3621 FAX 847.918.4425

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Fax Transmittal Form

To: MR.

TO: FOL MARK DAPIER

MARK DAPIER

From

USE FOLLOWING INFORMATION

CC:

Phone number:

Fax number:

847-295-8600

847-295 8785

815-397-1006 FAX# 815-397-1049

☒ Message

☒ For Review

☐ Please Comment

☒ Reply

Date sent: 12/14/2001

Time sent: 1:45 PM CDT

Number of pages including cover page:

9 PAGES

Message: FOLLOW-UP ON OUR LAST PHONE CONVERSATION.

MR. DAPIER

REF: LETTER 11-11

1)